

Helps House Pass Additional Bill To Increase Access To Mass Transit & Reduce Fares

Washington, DC - Continuing his wide-ranging and comprehensive approach to combating high gas prices, Congressman Maurice Hinchey (D-NY) today helped the House pass a bill that helps put an end to the practice of unregulated oil trading that is artificially driving up the price of oil. Hinchey and his House colleagues were also successful in their efforts to pass another bill that expands access to mass transit and help reduce fares.

"Today, the House helped put an end to the exploitation of the oil market by ending much of the unregulated speculation that is contributing in large part to soaring oil prices," Hinchey said. "The American people continue to suffer daily at the pump and in every aspect of their life as a result of extraordinary oil prices, which are being driven up much more rapidly as a result of unregulated speculation."

Hinchey helped pass the Energy Markets Emergency Act to direct the Commodity Futures Trading Commission (CFTC) to use its full authority and most potent emergency tools to curtail excessive speculation and other practices distorting the energy market. Energy experts testified this week on Capitol Hill that excessive, unregulated speculation may be responsible for inflating prices by as much as \$20 to \$60 more per barrel. The International Monetary Fund recently concluded that, "speculation has played a significant role in the run-up of oil prices."

The Energy Markets Emergency Act will take crucial steps to curb excessive speculation in the energy futures markets by directing the CFTC to immediately use all its authority, including its emergency powers, to curb the role of excessive speculation in any contract market trading energy futures or swaps. The measure also directed the CFTC to use its most potent emergency tools -- including the immediate powers to set new position limits (the size of the stake that each speculative investor can hold in a given market), increase margin requirements (the money needed to trade), and impose other corrective actions as necessary. Those actions by the CFTC would eliminate excessive speculation, price distortion, sudden or unreasonable fluctuations, or unwarranted changes in the price of energy commodities or other unlawful activity causing major market disturbances that prevent the market from accurately reflecting

the forces of supply and demand for energy commodities.

In 2000, Senator Phil Gramm – now chairman of Senator McCain's presidential campaign – slipped in the Enron loophole that exempted all energy futures trading from oversight by CFTC. Before the Enron loophole law, an estimated 70 percent of the energy futures market trades were made by energy producing and using industries—only 30 percent by speculators. Today, those numbers are reversed—and trading volume has increased six-fold.

Hinchey was also successful in helping the House pass the Saving Energy Through Public Transportation Act. The bill provides \$1.7 billion in mass transit grants over two years to reduce fares for public transit use in order to give consumers a cost-effective alternative to pay more than \$4 per gallon of gas. These funds could also be used to expand transit services and for operating costs.

"It is critical that we expand mass transit capacity and make it more affordable for people so that we can provide people with a reliable alternative to driving their cars," Hinchey said. "Improved mass transit options will play a major role in our effort to reduce demand, which in turn will help lower the cost of gas."

The bill comes at a time when mass transit systems are strained in having to pay the same record fuel prices as consumers at the same time they are experiencing an increase in ridership. Transit agencies are paying 44 percent more than last year for diesel fuel. Almost half of bus operators and more than two-thirds of rail operators have increased fares. About one-fifth are cutting services and about 40 percent of bus operators and 30 percent of rail operators are canceling or delaying planned service upgrades due to fuel costs. In 2007, Americans took the most public transit trips in 50 years, and in the first three months of 2008, Americans took almost 85 million more transit trips than in the same period last year.